new provisions designed to keep the notes of a failed bank absolutely at par during the period of liquidation. The most important of these was the creation of a safety fund, to be called ᶜ< The Bank Circulation Redemption Fund," which, was to be raised by contributions from the banks, before July 16, 1892, to an amount equal to five per cent, of the average circulation of each contributing bank. The redemption fund is in the custody of the Minister of Finance and bears interest at the rate of three per cent, per annum. It is specifically set apart for the payment of the notes of foiled banks. Redemptions are required to be made without regard to the amount which the failed bank may have paid into the redemption fund, but when the redemptions, with interest,, exceed such payments, the Minister of Finance may call upon the other banks to make good to the fund the amount of such excess. These calls upon the other banks are limited to one per cent, annually of the amount of their circulation and the amounts thus paid by the banks are reimbursed to them when recovered from the failed bank.[1]

The redemption fund afforded a guarantee, if it was needed, that the notes of a failed bank would always be paid in full. A further provision was made that the notes of failed banks should bear interest at the rate of six per cent, per year from the day of suspension to the elate named for their payment. The practical operation of this provision has been eminently successful and has, in connection with the guarantee afforded by the safety fund, made the notes of a failed bank as valuable an investment up to the time of redemption as a six per cent. bond. The holders of such notes have had no difficulty in selling them at par to the other chartered banks, to brokers or to persons having a little

[1] The omission of a limitation of this sort upon the liability of the banks for the general safety fund was one of the causes of hostility to the banking plan of Secretary Carlisle, presented to the United States Congress in his annual report for 1894. It was admitted by those familiar with the facts that the resulting calls were not likely to be large in fact, but it was feared that the indefinite character of the liability would excite alarm among depositors.